

# Coalition for Credit Union Charter Options

*Lee Bettis  
Executive Director*

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Re: **How the Governance Fiasco at Columbia Could Happen at Your Credit Union**

## *The Columbia Debacle*

With the expulsion of conflicted Save CCU directors and supervisory committee members as merely the latest twist, the governance fiasco at Columbia Credit Union in Washington has become a tragic story. On the one hand, throwing out these dissidents was more than appropriate. On the other, it's a shame the credit union's board had to fight so long and hard for the simple power to make its own decisions.

This unseemly mess is a stain on the entire credit union industry. Sadly, it was both predictable and preventable. Yet the credit union leagues and NCUA chose to support the destructive aims and unruly antics of a group of dissidents in order to use them as tools to squash a conversion attempt.

## *New NCUA Rules Encourage More Meddling*

For any credit union leader who thinks hard about the latest conversion rules proposed by NCUA, the prospects are quite hair-raising. These are sweeping rules being pushed by self-serving trade association leaders with the help of a complicit regulator who fears the loss of assessments and NCUSIF overhead revenues. They will have far-reaching effect – and not just for conversions.

The recent comment letters from CUNA, NAFCU and some state leagues are clear – they are now enemies of credit union independence, and they hope to empower dissidents to second-guess and overturn board decisions. This is improper intervention, clear and simple

When they urge the regulator to put these punitive new rules into place, these trade associations are no longer representing the genuine interests of their dues-paying members. What they're promoting is nothing short of *usurping* the power of credit union boards of directors to govern as they see fit, in keeping with their credit unions' business opportunities and strategy.

Armed with new powers to interfere – and funding from misguided national crusaders who paint themselves as ‘defenders of the movement’ – any member with an ax to grind over capital levels, fees, the adequacy of community involvement, league affiliation, CUSO participation, or any other pet cause, will be able to take on the board of directors and distract them from their critical mission of serving members and the community.

Yes, it could happen at your credit union, too.

You likely have at least a few dissident members in your midst already. They could be obvious ones like embittered ex-employees, people turned down for loans, or jilted director candidates. But they could also be professional activists hoping to use the resources of the credit union to re-engineer society in their socialist visions.

NCUA’s new rules play right into the hands of would-be hijackers. Once emboldened, social activists will stop at nothing to win power and use it to commandeer resources and manipulate a credit union’s strategic agenda. **Public displays of intemperate hostility the likes of Columbia have nothing to do with meeting members’ financial needs, and may ultimately dissuade consumers from trusting credit unions with their personal finances, as the remaining directors of Columbia are finding out.**

In their effort to bludgeon conversions, the trades are asking NCUA to authorize some dangerous governance tactics. They will set up any individual credit union for the same kind of shenanigans we’re witnessing at Columbia. In other words, everyone may suffer collateral damage if these resolute bureaucrats succeed in burying the charter conversion option under an avalanche of stifling regulations, or instigating a politically inspired conversion moratorium.

#### *What Can You Do?*

For starters, stop giving the trade associations your dues money, because they are shamelessly compromising your best interests. Instead, step up to the plate and send some of those funds to the Coalition for Credit Union Charter Options. Help us help you.

Let’s stop the NCUA and their cravenly self-serving pals at the trades from destroying credit union independence and sound governance practices with their far-reaching, scorched-earth campaign against conversions.

**We’re appealing to credit union executives who don’t want to be corralled. Help us establish a legal fund. The enemies of charter choice are well-funded with your money, whether you agree with their use of it or not. With volunteer contributions from a few of you, we can employ the court system to address the bullying by conversion opponents where it counts – in an apolitical environment which they cannot buffalo with bunk.**

A Pledge Form is attached to this letter with a suggested contribution level, based on asset size. Your check can be mailed to the *Coalition for Credit Union Charter Options* at the address indicated on the Pledge Form.

Please help us protect *your* rights. No one else is – certainly not your trade associations, which are much too busy trampling them.

*Take a Stand*

Independent-minded credit union leaders like you – the ones who won't be duped by the Philosophy Police, yet who have not taken a public stand – are supporting the anti-conversion extremists by their indifference. Do the anti-conversion people really represent your point of view?

If you see your job as protecting the rights and interests of your members, including their right to an unencumbered vote on a charter conversion, then it is critical you take a stand now, before that right is persecuted out of existence.

Your contribution will remain strictly confidential. The Coalition is organized to protect its donors' anonymity, and the courts recognize the vital importance of shielding complainants from intimidation by membership-based associations or regulators that could abuse their power.

Feel free to call me at the number below, or call Marvin Umholtz, our Membership Director, at 303-601-9065, if you have any questions about how the Coalition would deploy your funds.

Thank you for your consideration and support.

Yours truly,  
COALITION FOR CREDIT UNION CHARTER OPTIONS

*Lee Bettis*

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Executive Director

P.S.

*What Else Am I Not Getting for My Dues Money?*

After two years in the Congressional hopper, and years in planning, H.R. 2317, the *Credit Union Regulatory Improvements Act (CURIA)*, has received no hearing. Notwithstanding the bill's 100+ co-sponsors, and the tidal wave of credit union PAC money spent on the Hill, meaningful regulatory relief for credit unions is no closer.

In contrast, in May, Congress held a subcommittee hearing on H.R. 3206, the *Credit Union Charter Choice Act*, brought forward by Rep. Patrick McHenry (R-N.C.) and his co-sponsors. While it faces fierce opposition from the credit union trades, H.R. 3206 at least got a hearing – testament to the effectiveness of the Coalition and its members and friends in taking a stand for charter choice against those who want to extinguish the conversion option.

*At least you'll get something for your money by supporting the CCUCO legal fund!*